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A

LETTER

TO

THOMAS PAINE,

IN REPLY TO HIS

DECLINE AND FALL

OF THE

ENGLISH SYSTEM OF FINANCE.



BY DANIEL WAKEFIELD.



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LETTER, &c.

IT was far from being my intention to have addressed you in reply to your Decline and Fall of the English System of Finance, as I had flattered myself that more able advocates would have stepped forward, and for the credit and prosperity of their country, been willing to occupy a small portion of their time in disproving the false conclusions you have drawn of the financial state of Britain.

My expectations in this respect have been disappointed. The gentlemen who have published strictures upon your work, have not, in my judgment, satisfactorily proved the solvency of the British government; I shall therefore, in this address, endeavour to give you my opinion of the credit and resources of my country; which after an attentive examination, I am convinced are in as flourishing and prosperous a condition as at any time since the commencement of the funding system.

Your mode of reasoning on this subject requires that I should much more readily acknowledge your shrewdness and plausibility than your honesty or your candour; for you cannot be considered as exhibiting any specimen of either, in repeatedly concealing those numerous and essential facts, by a fair discussion of which, your arguments would be refuted, the fallacy of your conclusions demonstrated, and your boastful theory totally overthrown.

Your idea of a ratio to be applied to the progressive increase of the national expences, struck me, I confess, with its speciousness, and before reflection came to my aid, I began to imagine that we were indeed, as your motto expressly says, "on the verge, nay in the very gulf of
" bankruptcy," but a very little consideration convinced me otherwise, and pointed out the fallacy of your ratio. On referring to the works of those who have stated the amount of the national debt in all its various stages, I discovered that though your device to mislead the unwary who trusted to the name of Paine, might be ingenious, yet that your misrepresentation of the true amount of the British funds at the periods you mention was not less apparent; and though I lamented your want of candour, I rejoiced for my country. It appeared to me favourably ominous

nous for the credit of Britain, that her enemies were driven to the necessity of employing the engines of falsehood in their attacks.

How is it possible for any person who reflects, to continue in the belief of your supposed ratio, when even theory itself refutes it? Do not some wars last one year, some two, three, four or more; are not some wars fought at the extremities of the world, while others are contended at home? Are not some entered into with allies poor and exhausted; some with allies whose finances are in order, and some without allies, as was the case in the American war? Can there, under circumstances so very different, so opposite, be any similitude, and can the expence on such unequal exertions bear any proportion? But I will not waste my time in labouring to disprove your theories; I will not, by answering with theory only, give any cause for the discontented to be gratified, the loyal to doubt, or the rich to despond. I will oppose you with facts equally stubborn and notorious; facts which you should have examined and have been acquainted with, before you had publicly attacked the credit of your country: had you examined first, and written afterwards, it would have saved your character as a writer in the first place, saved you as a man, the disgrace of being proved to

have published what was false in the second; and in the third, if your malignity against your country and its prosperity was too powerful to be restrained, it would have enabled you with more speciousness, and perhaps success, to have endeavoured to undermine the well-grounded confidence reposed on the faith and credit of the British government.

In the statements you have given of the public debt at the conclusion of the different wars of the last century, you pretend* to draw your information from the justly famed work of Dr. Adam Smith. As you have appealed to his authority I will be guided by it, and from his work shall likewise be taken the statements I now oppose to your false, though specious theory.

* Mr. Paine, to support the application of his ratio, quotes Dr. Adam Smith, as saying that the expence of the war of 1756, was seventy-two millions and a quarter; on the contrary, Dr. Smith says, that “ during a war of nearly seven years continuance, a new debt of more than seventy-five millions was “ contracted.” Had this been a mere difference of calculation it might have passed unnoticed, but when it is considered that this quotation was made falsely, for the purpose of supporting a ratio he wished to impose upon the world, it merits the severest censure; for what credit can be placed on the assertions of a writer whose very quotations are purposely made erroneously, that they may square with his ratio, and that not only in this one instance, but in many others can it also be proved to have been done, to assist in accomplishing the same sinister end.

When

When applying your ratio to the debts of Britain, you say that the war of 1688 ending in 1697, left this country burthened with a debt of twenty-one millions and an half—it really amounted to £21,515,743: you then proceeding to the application of your self-invented ratio say, that agreeable to its rules, the debt at the conclusion of the war of 1702, ending in 1714, will be fifty-four millions; the increase to the national incumbrances being by your theory to amount to thirty-two millions and a quarter; it really amounted to £37,286,375, and the total amount of the debt at the peace, was no more than £53,681,076. Now will you not readily perceive by this statement of facts taken from your favourite authority, that your ratio is, in the very beginning, erroneous and false? But it is probable you thought a difference of little more than five millions too trifling, far too trifling to impede the giant strides you were hastily endeavouring to make towards the destruction of British credit.

Perhaps the fond affection which every inventor feels for his own discoveries, hid from you the glaring absurdity of the idea you introduced to the notice of the world. Having no such parental affection for your theory, I shall treat it with

less indulgence; and had it only been supported by its own merits, I would on this first discovery of its inefficacy have abandoned it. Since, however, it has been offered to the world by Thomas Paine—since your notoriety gives it a certain sort of celebrity, I will devote a few more pages to the examination of its pretensions to infallibility; and as you have brought your theoretical calculations down to the present time, so will I follow you also down to the same period.

Proceeding then to the war of 1739, ending in 1748, which according to your theory should have cost forty-eight millions, making the total of the publick debt one hundred and two millions, the real increase to the national debt from the war, was no more than £31,631,546, and the amount of the whole debt was only £78,293,313. Thus is your theory false in its application to the three wars you have been pleased to adduce as examples of its truth, for there is a difference between the fact and your theory, in the expences of the war of 1739, of sixteen millions and a quarter. The difference, however, is still greater in the amount of the debt left at the conclusion of the war, for it is nearly twenty-four millions.

The

The next application of your theory, is to the war of 1754, ending in 1763. Agreeably to your theory, it should have cost seventy-two millions, and the publick debts should have amounted to one hundred and seventy-four millions. Yet how different are the facts, and how false is the theory! The *real* addition was only £67,227,134; and the national debt amounted at that time to no more than £146,682,844. The difference then between the facts and your theory in the expences of the war is nearly five millions, and upwards of twenty-seven millions in the total amount of the national debt.

The next war to which your theory is applied is the American, beginning in the year 1775, and ending in 1783: but here again will your ratio be found defective; for by your theoretical calculation, the war should have cost one hundred and eight millions; and when concluded, should have left this country two hundred and eighty-two millions in debt. On the contrary, the war added only £103,211,829 to the national debt; the total amount of which, at the commencement of the peace, was no more than £239,154,880*. The difference then between

* Mr. Morgan makes it amount to upwards of two hundred and fifty millions; but his statement, like other of his calculations, is much over estimated.

your ratio and the fact, is nearly five millions in the expences of the war; and in the total amount of the national incumbrances, it amounts to the enormous sum of forty-two millions and three quarters; a sum, I should imagine, sufficient to convince the most sanguine of your admirers, that you have either written on a subject, with which you were by no means sufficiently acquainted, or else, that for the sinister purpose of overthrowing the credit of your country, you have knowingly mistated facts, and concealed the truth. The task of exposing the inefficacy of your ratio is now drawing to a conclusion; and I have only to examine the application of your theory to the *present* War. You calculate it to cost one hundred and sixty-two millions, predicting that the national burthens will, at the conclusion of the war, amount to four hundred and forty-four millions.

As the account you have given of the finances of this country has been (from what cause you best know) so false and erroneous; your pretensions to the infallibility of a prophet may justly be doubted, and before I allow you the merit of being able to ascertain, by your ratio, the expence of the war in which we are now engaged, I will state a few simple facts, draw a few plain and unambiguous conclusions, and then suggest

suggest to you, the propriety of recalling your idle boast of having discovered an infallible rule of calculation, to ascertain the expence of every succeeding war in which Britain shall in future be engaged, and by which you have ventured to limit the existence of the funding system in this country.

The war has now lasted three years and a half, during which time, debts have been contracted to the amount of about ninety millions; it should, however, be recollected, that the expences of the present year are provided for, and that therefore a war, which for extent of operation and greatness of exertion has never before been equalled, has cost in four years, no more than ninety millions, out of which sum, we have assisted the deranged finances of the various princes, composing the grand alliance against France, have increased our navy to a magnitude which will enable us to cope with all the maritime power of Europe; and that while making exertions hitherto thought beyond our strength, we have discovered no symptoms of either an exhausted treasury or of worn-out resources, for we have continued in the reduction of the national debt, as begun before the war; and not only so, but have also provided for the liquidation of every new loan, and for the discharge of

2

every

every new debt incurred since its commencement; while our enemy, on the other hand, has been bankrupt, ruined and exhausted.

Returning from this digression to the examination of your theory, suppose, though it is far from probable, that the war should last two years longer, and even for the sake of allowing you every advantage, I will estimate the annual expence, during its continuance, by the preceding four years; we shall then only have incurred an increase to our incumbrances, of one hundred and thirty-five millions. But it is far from being likely, that it will continue so long, and it is still more unlikely that any future year of it should cost so much as the former ones, for we have now lessened the extent of our operations; and from the annihilation of the French navy, our exertions by sea are necessarily less expensive, and we have now no army on the continent, which has always proved the most expensive part of the wars in which this country has ever engaged. Admitting then all that I have done, there still exists a difference of twenty-seven millions between your theory and the estimated expence of the war; which of the two it is most likely to be, time must decide, but which appears most probable I hesitate not to say, for your conclusion is drawn
from

from a theory shewn to be false, while my estimate is grounded on facts and experience*.

Thus then is the examination of your ratio terminated, and its inefficacy proved, though introduced by a pompous and egotistical attempt of its author to place himself on a level with the immortal Newton. And I will now direct my pen to the refutation of your flimsy comparison of the duration of the French and British systems of finance, between which no more similarity subsists than there does between the falseness of your ratio and the truth of the facts I have opposed to it.

Taking as a foundation your own visionary estimate of the amount of circulating bank paper to be sixty millions, I will proceed to expose the fallacy of your assertion, that “ let
“ financiers diversify systems of credit as they
“ will, it is nevertheless true, that every system
“ of credit is a system of paper money; two ex-
“ periments have already been had upon paper
“ money; the one in America, and the other
“ in France: in both those cases, the whole
“ capital, which in America was called conti-
“ nental money, and in France assignats, ap-

* The reader is requested to turn to the table at the end of the work, where he will at one view discover the whole of Mr. Paine's errors.

“ peared in circulation; the consequence of
 “ which was, that the quantity became so enor-
 “ mous, and so disproportioned to the quantity
 “ of population, and to the objects upon which
 “ it could be employed, that the market, if I
 “ may so express it, was glutted with it, and
 “ the value of it fell; between five and six years
 “ determined those experiments: the same fate
 “ would have happened to gold and silver, could
 “ gold and silver have been issued in the same
 “ abundant manner as paper had been, and
 “ confined within the country as paper al-
 “ ways is, by having no circulation out of it; or
 “ to speak on a larger scale, the same thing
 “ would happen in the world, could the world
 “ be glutted with gold and silver, as America
 “ and France have been with paper*.”

“ The English system differs from that of
 “ America and France in this one particular,
 “ that its capital is kept out of sight, that is,
 “ that it does not appear in circulation. Were
 “ the whole capital of the national debt, which
 “ at the time I write this, is almost four hun-
 “ dred millions sterling, to be emitted in assig-
 “ nats or bills, and that whole quantity put

* Mr. Paine certainly forgets that gold and silver have an in-
 herent value in themselves, which paper neither does, nor can
 ever possess.

into

“ into circulation, as was done in America and
 “ in France, those English assignats or bills
 “ would sink in value, as those of America and
 “ France have done, and that in a greater de-
 “ gree, because the quantity of them would be
 “ more disproportioned to the quantity of po-
 “ pulation in England, than was the case in
 “ either of the other two countries. A nomi-
 “ nal pound sterling in such bills would not be
 “ worth one penny.”

“ But though the English system by thus
 “ keeping the capital out of sight, is preserved
 “ from hasty destruction, as in the case of Ame-
 “ rica and France, it nevertheless approaches
 “ to the same fate, and will arrive at it with
 “ the same certainty, though by a slower pro-
 “ gress. The difference is altogether in the
 “ degree of speed, by which the two systems
 “ approach their fate, which to speak in round
 “ numbers, is as twenty to one, that is the
 “ English system: that of funding the capital
 “ instead of issuing it, contains within itself a
 “ capacity of enduring twenty times longer than
 “ the system adopted by America and France;
 “ and at the end of that time it will arrive at
 “ the same common grave, the potter’s field
 “ of paper money.”

“ The

“ The datum I take for this proportion of
 “ twenty to one, is the difference between the
 “ capital and the interest at five per cent * :
 “ twenty times the interest is equal to the ca-
 “ pital. The accumulation of paper money in
 “ England is in proportion to the accumulation
 “ of the interest upon every new loan, and there-
 “ fore the progress to dissolution is twenty
 “ times slower than if the capital were to be
 “ emitted and put into circulation immediately;
 “ every twenty years of the English system is
 “ equal to one year of the French and American
 “ systems. †”

Unless you can prove that an emission of pa-
 per is annually made, to the amount of the in-
 terest of the debt funded, your theory convicts
 itself of absurdity. The monied market can

* The reader is requested to observe Mr. Paine's perversion
 of facts, while thus estimating the duration of the English
 system of finance, for how could he have been ignorant that
 the great amount of the national debt consists of the three per
 cents, and that the trifling capital of the four and five per cents
 will be liquidated in the course of a few years? Thus then,
 even allowing his absurd conclusion of its dissolution being
 in proportion to the difference between the capital and its in-
 terest, instead of twenty, it will be thirty-three to one.

† The wish to prevent its being supposed that Mr. Paine's
 argument was misrepresented, is a sufficient apology for the
 length of this extract.

never

never be depressed by the amount (however large) of the funded debt, it can only feel itself burthened by an emission of paper bearing no interest, and as easily transferable as cash to a sufficient extent, to banish the confidence at present given to the notes of the bank of England. But this is not likely to be the case, for American continental money amounted to more than the value of its annual rental, taken at twenty years purchase, before it began to be at any considerable discount, and the french assignats continued to enjoy the publick confidence, and to pass at par, long after they amounted to the value of the national rental.

Admitting then, for the sake of the argument, that bank notes are emissions of government, to pay the interest of the debts they have contracted, (than which nothing can be more false) you will find that in an hundred years, which is nearly the age of the funding system in this country, that no more than sixty millions of bank paper have accumulated *; and that during
this

* This is Mr. Paine's own assertion, and allowed only because no data can be taken, from which the amount of bank notes emitted, can with any certainty be estimated; though at the same time the reader is cautioned against concluding from this assertion, being calculated upon, that there is sixty millions of

this period, more than three hundred and sixty millions has been paid as interest on the national incumbrances. Now proceeding in this reasoning on facts, we have seen, as before stated, that in America and France, a sum equal to the value of the annual rental may be thrown into circulation without experiencing depreciation. The annual rental of this country is twenty millions, which at twenty years purchase, amounts to four hundred millions: should then the bank find themselves under the necessity of emitting notes in the same proportion as they have hitherto done, the British system of finance might (without transgressing the bounds of theory) be pronounced likely to last, even six hundred years before the monied market would be overstocked by the amount, or the paper itself experience a material depression.

I will, however, view its probable stability in another light, for you have certainly presumptuously asserted that the British system of credit is to that of America and France, as twenty to one; but in this I widely differ, and give as a

bank paper in circulation, for there is every reason to believe that the amount is very much exaggerated; indeed no data can be more disputable, for Mr. Paine, while he assumes the fact, forgets the immense circulation of private paper, and the unlimited emissions of country banks.

reason,

reason, that in the course of the hundred years of the funding system, no more than sixty millions of paper have been emitted by the bank, yet upwards of three hundred and sixty millions of interest have been paid on the public funds; therefore, if we proceed in the same proportion, if even we liquidate no more of the principal, and continue increasing the national debt with the same rapidity we have hitherto done, the stability of the British credit, is to that of America and France, not as twenty, but as an hundred and twenty to one.

When you advanced the false assertion of the British system of credit being to that of America and France as twenty to one, you proceeded with your supposed analogy, by saying, that as they had lasted only five years, so in this proportion the British system must break up in an hundred years; and as it had already lasted this hundred years, its dissolution is near at hand. Allowing even that this analogy does exist, yet as it has been shewn to be not as twenty, but as an hundred and twenty to one, the British system might possibly extend to a period as long as that I have recently supposed.

Here I will make a few observations on the revenue of the country, for to me it appears, that it is not the amount of the capital of our

debt, or the quantity of paper in circulation which is likely to undermine the confidence reposed in, and destroy the credit of the British government, but that the existence of the funding system depends, and that wholly, on the power of government to impose, and the ability of the people to pay taxes sufficient to raise a revenue capable of paying the interest of the funded debt, and of devoting a certain sum progressively increasing, to the discharge of the principal.

You allow that taxes can always be raised to the amount of a quarter of the circulation, whether that circulation consists of specie or of paper, provided the paper is not depreciated. In a former part of this letter I shew you from the example of other countries, that paper might be issued to the amount of the value of the annual rental, without being depreciated, and also at the same time stated, that the value of the British rental was four hundred millions.

Permit me here then to estimate, that as in an hundred years our taxes have increased about twenty millions *, so in the same proportion it will be six hundred from the commencement

* At the revolution, the revenue was nearly three millions, and is now about twenty-three.

of the funding system before the taxes will amount to a quarter of the then circulation.

When I first began to calculate on the data which you allowed, I little imagined that in three totally different modes of considering the subject, the conclusions would have exactly agreed, and I am gratified in perceiving that the estimates I have made of the duration of the British credit, the stability of the British funds, and the extent of the British resources, are supported by the corresponding conclusions of three calculations, raised from data by yourself not only allowed, but defended with the utmost force of your ability.

Thus reasoning from premises admitted by yourself, I draw a widely different conclusion, and have the pleasure of being able confidently to assert, that the British system of finance, so far from being in its decline, is not yet arrived to maturity; that so far from its being likely to bankrupt our government within twenty years, that there is no reasonable data upon which to go, whereby its dissolution can be calculated to take place for some centuries to come *. Long before

* The reader is requested to recollect that these conclusions might be drawn from the rash assertions of those who have attacked the British credit, and that though the author has made

before which time, if the able and energetic measures of our present administration are steadily pursued, the whole of the British debts will be paid off, and the nation freed from its incumbrances *.

In

these estimates, he has not done it under the idea that the British system of finance will endure six hundred years and no longer; nor yet, that it must necessarily endure so long. This is far from being the inference he wishes to draw; he simply wishes to expose to the world the wanton and specious attack of Mr. Paine; and it occurred to him, that nothing would so effectually shew the fallacy of Mr. Paine's assertions and conclusions, as a calculation made from his own premises, ascertaining the solvency of the British government, and incontrovertibly proving (as much as theory and figures from such foundations could) its stability. Having effected this design, the author leaves to his readers individually to draw their own conclusions from these estimates, which have fully answered his view, if they serve to render suspicious or expose to ridicule, this malignant attack on the prosperity of the country.

* A casual reader of Mr. Paine would conclude, that though we have progressively accumulated our debts for the last century, no provision had been made for their liquidation: far, however, is this from being the case, for besides the million (now increased to £1,872,200) annually appropriated for that purpose, there has been one per cent on the amount of every new loan, provided for its discharge; and even the desponding Mr. Morgan is obliged to allow, that this provision will discharge every debt contracted during the war, within thirty-seven years. Where then is the threatened ruin, which makes the friend of his country despair? it can only exist in the imaginations of theorists; while

In this refutation of your prediction, I have argued from your own vague and indefinite assertions: but if you reflect on the emissions of paper by the bank, you will quickly find that not so much as one single solitary note has been issued for the payment of the dividends on the funds. For if you will trouble yourself to examine any authentic account of the revenue annually received since the commencement of the funding system, and of its application, you will perceive that taxes to the amount of the interest on the national debt have been always raised, and that in no one period has government been reduced to the necessity of emitting paper to supply the deficiency.

You will perceive your assertions, that this
 “ second debt (that contained in bank notes)
 “ has in a great measure been incurred to
 “ pay the interest on the first debt; so that
 “ in fact, little or no real interest has been paid
 “ by government;” that “ the whole has been
 “ delusion and fraud;” that “ government first
 “ contracted a debt in the form of loans to one
 “ class of people, and then run clandestinely
 “ into debt with another class, by means of

while the country is thus enabled to limit the existence of her incumbrances by the creation of a fund, whose operation must, within a specific period, relieve her burthens.

“ bank notes to pay the interest ;” that “ go-
 “ vernment acted of itself, in contracting the
 “ first debt, and made a machine of the bank to
 “ contract the second,” to be false. And you
 must, at the same time, perceive, that not the
 smallest analogy subsists between the English,
 French, and American systems; for the one
 funds its debt, raises a revenue to pay the in-
 terest, and by degrees the principal: the others
 emit the whole principal into circulation, pay
 no interest, and redeem nothing. How any
 similarity can exist in circumstances so opposite,
 so totally different, I am at a loss to imagine.

However small your estimation with the pub-
 lick may be for wisdom, as a politician, and
 honesty as a financier, it cannot be suspected that
 you were ignorant of this essential difference:
 indeed, the reason why you conceal it is obvious;
 you yourself disclose it, when saying, “ that
 “ every case of a failure in finances since the
 “ system of paper began, has produced a revo-
 “ lution in government, either total or partial.
 “ A failure in the finances of France produced
 “ the French revolution; a failure in the finances
 “ of the assignats broke up the revolutionary
 “ government, and produced the present French
 “ constitution; a failure in the finances of the
 “ old

“ old congress of America, and the embarrass-
 “ ments it brought upon commerce, broke up
 “ the system of the old federation, and pro-
 “ duced the present federal constitution. If
 “ then we admit of reasoning by comparison of
 “ causes and events: a failure in the English
 “ finances will produce some change in the go-
 “ vernment of that country.” When wantonly
 declaring your hatred to this country, when ex-
 plicitly discovering your wish to see it involved
 in the same destructive anarchy, the same ruin-
 ous confusion, which has rendered France the
 deplorable picture of rapine and injustice, which
 has shewn that once happy country to the view
 of affrighted Europe as the grand depot of mi-
 sery and discord; and which proclaims to the
 world the depravity of the human race, when
 spurning the wholesome restraints of established
 government, and the guardian protection of
 law. Their efforts have indeed been successful,
 and their victories brilliant: but how have they
 been obtained? why by public insolvency; by
 the neglect and subsequent ruin of their navy;
 by the annihilation of their commerce; by at-
 tacks on the property of individuals; by the
 most cruel oppressions, disguised under the name
 of liberty. If external glory is then only to
 be

be obtained by internal misery, happy the nation destined to mediocrity.

The only emissions of paper by the British government are exchequer and navy bills ; both which, however, differ essentially from the continental money of America, and the assignats of France ; for with a well grounded apprehension of the baneful effects of a government paper, it has been the guarded policy of Mr. Pitt's administration, to annually fund the floating debt, which has at no period increased to more than fifteen millions, a sum comparatively trifling, and indeed of inconsiderable moment, when we recollect that the wide extended paper emissions of private individuals, authorize it to be compared to a drop of water cast into the sea. Though from the smallness of its amount it bears no comparison to the discredited paper of either America or France ; yet there exists the still more important difference of its having an interest paid upon it, and of its not being a legal tender. This difference may not strike a casual observer, may be overlooked by those who have an interest to have them considered as analogous ; but reflection will discover a wide difference between that paper on which an interest is paid, and that on which there is none ; between that paper, the currency of which is optional,

optional, and that the receipt of which is forced; between that paper which forms the monied transactions of speculatists, and that which is forcibly introduced into the common occurrences of life as a substitute for specie; between that paper, which it is known will be funded, and that, which it is equally known will be depreciated; between that paper, whose security is of an hundred years standing, and that whose security has not existed an hundred months; whose visionary credit, founded in robbery and extortion, has been shaken by a ruinous depreciation, and a destructive bankruptcy.

Thus have I shewn that there subsists not the smallest trace of similarity between the funded debt of Britain, and the paper of either America or France; and that the unfunded debt of this country bears no resemblance, either in its origin, or progress, to the French assignats.

Having finished my examination of, and reply to your attack on the stability of the British funds; and having concluded such a defence of them as will, I trust, destroy the baneful tendency of your unfounded assertions and invidious remarks; I should gladly have been excused the unpleasant task of treating you as one who, in the pursuit of his object (whatever may be

be his pretensions to publick virtue) adopts the Machiavelian principle of politics, which directs that to gain your end, no necessary means, however infamous, are to be neglected: for not contented with a wanton attack on the credit of your country; you have also, with the same malignant spirit which has ever distinguished your publick conduct towards Britain, attempted to undermine the confidence reposed in the bank; and by the overthrow of this great commercial engine, involve the country in ruin and bankruptcy. Fortunately, your attack made on ground, the most untenable, has failed; and even your own party see that they must no longer give faith to the assertions of one who has worn out the very web of credibility. The view with which you say, that “a stoppage of payment at the bank is not a new thing, for Smith, in his *Wealth of Nations*, book 2, chap. 2, says, that in the year 1696, exchequer bills fell forty, fifty, and sixty per cent; bank notes twenty per cent, and the bank stopt payment;” and that “which happened in 1696, may happen again in 1796,” is sufficiently obvious. A plain statement of the remark of Dr. Adam Smith is a sufficient refutation of the inference you draw; for who cannot perceive, that though “during the great recoinage of silver
“ which

“ which was going on at that time, the bank
 “ thought proper to discontinue the payment of
 “ its notes, which necessarily occasioned their
 “ discredit.” That this was caused, not by the
 want of capital, not by insolvency, but that it arose
 from the temporary want of specie; though at
 the time there was bullion and other securities
 sufficient to answer the demand; and does not
 the fact bear out the assertion, that the bank has
never been insolvent, for as soon as the recoin-
 age was over, did it not go on with renovated
 credit? And though there has since been one
 or two hard runs on the bank, though its credit
 was attacked by a strongly cemented conspiracy,
 for the purpose of destroying the well-grounded
 confidence it had obtained, and was aided by the
 march of an army into the very centre of the
 kingdom, though the government then existed
 in the most perilous uncertainty: yet what was
 the result? the mercantile interest knew, that if
 by these machinations the bank should fail, that
 inevitable ruin would fall upon themselves. This
 conviction roused them, and a publick agree-
 ment was entered into for its support. For
 though, as you sneeringly say, reduced to the
 necessity of paying in six-pences, yet the com-
 mercial, and most respectable part of the people
 were confident of its solvency, and this confi-
 dence,

dence, experience has fully justified. From that period to the present time, the bank has neither suffered a diminution of its credit, nor have its operations been cramped by the fetters of an increasing insolvency.

For the purpose of supporting your attack, you enter into strange and curious kind of reasoning, to shew that the bank does not possess two millions of specie, and that therefore as your assertion, no doubt, is true, of its having issued notes to the amount of sixty millions, that it cannot pay ten-pence in the pound, should payment be demanded. The coin of the country is calculated from data, taken from the mint, to amount to twenty millions; what portion the bank possesses, no individuals, (the directors excepted) either of this, or any other country can be informed; one may estimate it as suits his argument, another as it suits his. It is of little consequence what estimates are formed of it, unless those estimates are founded on something besides mere theory; and as it is impossible to obtain a knowledge of the fact, I shall decline entering into the discussion; and shall therefore, as I have done in the similar case of the amount of bank notes in circulation, build my argument on your own assertion; for if, from the assertions of its enemies, its solvency is proved: how much
more

more would it be shewn if the facts were made publick?

On your unprecedented mode of endeavouring to prove the insolvency of the bank, you seem to banish from your calculation the various securities in which they have invested their immense property. While we hear of its being in advance to government many millions—while we are informed of the extent of its discounts—and while we know the large amount of its property in the funds, we cannot conclude that it is insolvent; such an insolvency would indeed be unprecedented. For who can discover in a concern which makes the immense profit of a million* annually, any trace of an approaching bankruptcy?

Before allowing your unsupported conclusion of the insolvency of the bank, I would request you to reflect on the immense paper currency of individuals. It is generally allowed that there is circulating private paper, to the amount of more than one hundred and fifty millions. The con-

* This is said under the idea that it has, agreeably to Mr. Paine's assertion, a balance of fifty-eight millions in its hands; for if on this sum it gains no more than three per cent, its profits, after subtracting the amount of the dividend on its capital, will be £995,400.

clusion

clusion from this, that the twenty millions of specie in circulation, cannot pay all these bills, if offered for payment, is obvious; but ignorant indeed, must he be of monied transactions, if from this he was to conclude, that the private banks were insolvent. For though they certainly do not possess specie to answer their emissions, yet they possess security and property to the amount; for was it not the case of several of the first merchants (whose paper experienced depreciation in 1792) to be obliged to a temporary cessation of their payments, and yet did not their affairs, on examination, prove solvent?

If then, from any unforeseen cause; if from any arts of our enemies, credit was to be shaken, and confidence banished, do you imagine that insolvency must ensue? certainly not, for allowing your own exaggerated estimate, that the bank has issued sixty millions of paper; that private paper amounts to one hundred and fifty millions, and that the circulating specie is only twenty millions, there remains one hundred and ninety millions unpaid; and as you would wish to have it believed, without property or security, in either capital or land to answer it, how erroneous would this conclusion be! for was it not estimated last year in the House of Commons,

mons *, that the national capital was thirteen hundred millions. Trifling indeed, must be the confidence existing between individuals, and small the credit enjoyed by the bank of England, if a capital of thirteen hundred millions will not support the credit of an emission of no more than two hundred and ten millions of paper. Experience has indeed shewn, that the steady confidence which has been so long and so justly placed in the capital and resources of the British nation, will bear no analogy to your absurd definition that, “publick credit is only “suspicion asleep.” This, however, is not the only instance in which you must be conscious of attempting to influence the opinions of your readers, by whimsical conceits and epigrammatick turns of expression, equally unconnected with argument, truth, or candour.

Having now compleated a reply to your attacks on the British funds, and on the credit of the English bank, I conclude, by expressing the wish, that should you again attack the prosperity of your country, it may be on the same false and flimsy foundation; it may be urged with the

* As this estimate was uncontradicted by any member of the house, it is certainly a ~~data~~ of sufficient acknowledged truth to form a calculation from.

same desultory declamation ; it may be supported with the same number of unproved assertions, and the same want of solid argument, which distinguishes your present performance.

Old Jewry,
30th July, 1796.

DANIEL WAKEFIELD.

Accord-

According to the estimates made by Mr. Paine from his ratio.

The amount of the national debt at the conclusion of the war

The increase to the national debt from the war

Of	Should have been	It really was	Difference being
1688	21½	21,515,743	15,743
1702	32¼	37,286,375	5,036,375
1739	48	31,631,546	16,368,454
1754	72	67,227,134	4,772,866
1775	108	103,211,829	4,788,171
1792	162	135,000,000	27,000,000
<hr/>			
Total amount of the errors of			
Mr. Paine's ratio as applied			
to the war expenses			
£57,981,609			

Total amount of the errors of
Mr. Paine's ratio as applied
to the national debt

£180,047,750

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